

Fiscal Year 2001 Results

1. FY01 Consolidated Results
2. FY01 Parent Results
3. FY02 Consolidated Targets
4. FY02 Parent Targets
5. Group Companies

2002/5/15

Happinet Corporation



Estimates of future performance are provided as a reference for investors. They are based on projections and estimates and should not be construed as an assurance or guarantee of future performance. When using this information, please keep in mind that final results may vary.

Business Results

Unit: ¥thou, ¥, %, people

Business Results		FY97	FY98	FY99	FY00	FY01	Comments
Consolidated	Sales	132,669,553	109,967,580	100,823,488	126,670,293	140,888,629	Good performance by consolidated subsidiary Beam Entertainment contributed to sales in FY01
	Recurring profit	5,596,823	2,252,100	2,087,331	2,090,789	1,518,069	
	Net profit	2,657,522	1,304,577	1,232,370	1,080,496	735,100	
	Net assets	9,995,994	11,059,526	15,128,472	16,103,886	16,432,387	
	Total assets	35,172,060	32,068,899	38,580,005	37,140,060	53,698,026	
	Assets per share	1,142.50	1,264.02	1,635.51	1,339.21	1,366.61	
	EPS	314.81	149.11	138.53	89.86	61.13	
	No. of employees	-	-	445	468	556	
Parent	Sales	124,648,342	103,534,054	94,698,747	101,810,288	89,867,180	In FY98 the company had a number of hit products such as Tamagotchi and the Hyper Yo-Yo, and the Playstation also gained a large market share in both hardware and software.
	Recurring Profits	5,055,305	2,513,605	2,041,129	922,957	1,360,000	
	Net profit	2,389,050	1,601,118	1,125,364	469,903	722,884	
	Assets per share	1,075.91	1,231.29	1,591.39	1,254.52	1,280.52	
	Dividend	20.0	25.0	28.0	25.0	25.0	
	(Interim dividend)	(-)	(-)	(12.50)	(12.50)	(12.50)	
	EPS	283.00	182.99	126.50	39.08	60.12	
	Payout ratio	7.32	13.66	22.5	64.0	41.6	
No. of employees	284	307	321	342	174		

- Note: 1. Sales tax is not included in either the consolidated or parent sales figure.
 2. The company made a public offering of 750,000 new shares mid-term in FY98
 3. The company made a public offering of 500,000 new shares mid-term in FY00

1. FY01 Results (Consolidated profit and loss statement)

Units: ¥m, %, ¥. Figures rounded

	FY00			FY01			Comments
		Of total (%)	YoY Change		Of total (%)	YoY Change	
Sales	126,670	100.0	-8.3	140,889	100.0	11.2	Notable contribution to Sales by Xbox. Profit rate reduced by video game hardware sales, disposal and appraisal losses of ¥1.9bn
Cost of sales	113,835	89.9	-9.4	127,104	90.2	11.7	
Gross profit	12,835	10.1	1.3	13,784	9.8	7.4	Warehousing deposits up by ¥700m, transfer of games, videos, toys and others ¥400m Personnel costs reduced due to introduction of annual salary system
SG&A costs	10,967	8.7	3.8	12,538	8.9	14.3	
Personnel costs	3,776	3.0	5.7	3,738	2.7	-1.0	
Subcontracted personnel costs	694	0.5	17.0	913	0.6	31.7	
Depreciation	398	0.3	14.9	493	0.3	23.8	
Operating profit	1,868	1.5	-8.7	1,247	0.9	-33.3	
Nonoperating income	271	0.2	1.9	397	0.3	46.3	
Interest and dividends received	17	0.0	-25.6	12	0.0	-32.4	
Other	254	0.2	4.8	385	0.3	51.7	
Nonoperating expenses	49	0.0	-12.8	126	0.1	156.6	
Interest paid	5	0.0	-60.6	25	0.0	392.3	
Other	44	0.0	4.4	101	0.1	129.8	
Recurring Profit	2,091	1.7	-7.3	1,518	1.1	-27.4	
Extraordinary profit	210	0.2	117.2	50	0.0	-76.3	
Extraordinary losses	277	0.2	-64.8	194	0.1	-30.2	Securities valuation loss on PS.Com and HUDSON, ¥120m
Pretax profit	2,023	1.6	-2.1	1,374	1.0	-32.1	
Enterprise, corp., inhabitant's taxes	907	0.7	3.3	621	0.4	-31.6	
Minority interest (- indicates loss)	35	0.0	-	19	0.0	-	
Net profit	1,081	0.9	-5.5	735	0.5	-32.0	
Surplus, opening	9,602	-	15.4	10,380	-	8.1	
Decline in surplus	302	-	-34.5	303	-	0.6	
Net profit	1,081	-	-5.5	735	-	-32.0	
Surplus, closing	10,380	-	13.2	10,812	-	4.2	
EPS	89.86	-	-	61.13	-	-	

1. FY01 Consolidated Results

(1) Sales by product area

Unit: ¥bn, %

Product	FY99			FY00			FY01			Comments
		Of total (%)	YoY Change		Of total (%)	YoY Change		Of total (%)	YoY Change	
Toys	35.3	35.0	-17.0	35.7	28.2	1.1	40.9	29.0	14.6	
Childcare goods	4.2	4.2	5.0	3.6	2.8	-14.3	2.9	2.1	-19.4	
Video games	50.8	50.4	-4.2	57.8	45.7	13.8	67.2	47.7	16.3	
Amusements	7.8	7.7	2.0	6.8	5.4	-12.8	5.5	3.9	-19.1	
Videos	-	-	-	20.9	16.5	-	22.5	16.0	7.7	
Others	2.7	2.7	-1.8	1.8	1.4	-33.3	1.8	1.3	0.0	
Total	100.8	100.0	-8.3	126.6	100.0	25.6	140.8	100.0	11.2	

(2) Sales by sales channel

Unit: ¥bn, %

Product	FY01			Comments
		Of total (%)	YoY Change	
Wholesaler	16.0	11.4	-	
Specialty Store	37.1	26.3	-	
Department store	3.3	2.3	-	
General merchandise stores	33.3	23.7	-	
Discount Store/Home Center	5.6	4.0	-	
Suburban retail outlets	32.7	23.2	-	
Others	12.8	9.1	-	
Total	140.8	100.0	-	

1. FY01 Consolidated Results

(3) Sales by product line

Toys

Unit: ¥bn, %

Item	FY99 (Parent)		FY00 (Parent)			FY01			Comments
		Of total (%)		Of total (%)	YoY Change		Of total (%)	YoY Change	
Bandai Character	18.6	61.8	19.5	61.1	4.8	21.9	53.5	-	
Bandai Innovative	7.2	23.9	6.3	19.7	-12.5	6.4	15.6	-	
Bandai Mattel	-	-	-	-	-	1.7	4.2	-	
Other Bandai	1.8	6.0	1.8	5.6	0.0	2.3	5.6	-	
Other manufacturers	2.5	8.3	4.3	13.5	72.0	8.6	21.0	-	
Total	30.1	100.0	31.9	100.0	6.0	40.9	100.0	-	

Top sellers

Unit: ¥bn, %

	FY00		FY01	
	Product	Sales	Product	Sales
Bandai Character	Masked Rider Kuuga	3.0	Masked Rider Agito	2.8
	Time Ranger	2.7	Gao Ranger	5.2
	Digimon(includes related merchandise)	2.5	Digimon (includes related merchandise)	1.7
	Ultraman series	1.5	Ultraman Cosmos	1.9
	Collection figures	1.3	Ultraman series	1.8
	Malical Doremi	2.8	Magical Doremi	1.6
Bandai Innovative	Pico	0.4	Pico	0.5
	Super Note Club	1.4	Super Note Club	1.6
	Stuffed toys	0.2	Stuffed toys	0.2
			Anpan Man	0.8

1. FY01 Consolidated Results

(3) Sales by product line

Video games

Unit: ¥bn, %

Item	FY99			FY00			FY01			Comments
		Of total (%)	YoY Change		Of total (%)	YoY Change		Of total (%)	YoY Change	
PlayStation 2	6.3	12.5	-	29.7	Reduced due	371.4	40.0	59.5	34.7	
PlayStation	33.1	65.9	-13.6	16.5	29.0	-50.2	7.8	11.6	-52.7	
WonderSwan	5.3	10.6	253.3	9.0	15.8	69.8	6.0	8.9	-33.3	
GameBoy Advance	-	-	-	-	-	-	0.7	1.0	-	
GameCube	-	-	-	-	-	-	0.4	0.6	-	
Others	5.5	11.0	1.9	1.7	3.0	-69.1	12.3	18.3	623.5	
Total	50.2	100.0	-4.4	56.9	100.0	13.3	67.2	100.0	18.1	

PlayStation products

Unit: ¥bn, %

Item	FY99			FY00			FY01			Comments
		Of total (%)	YoY Change		Of total (%)	YoY Change		Of total (%)	YoY Change	
Hardware	8.3 (630000 units)	21.1	-51.7	3.1 (350000 units)	6.7	-62.7	0.8 (40000 units)	1.7	-74.2	
Software	20.8	52.8	-14.0	12.7	27.5	-38.9	6.3	13.2	-50.4	
Peripherals	4.0	10.2	-4.8	0.7	1.5	-82.5	0.7	1.5	0.0	
Playstation 2 hardware	44 (110000 units)	11.2	-	21.7 (570000 units)	47.0	393.2	25.2 (790000 units)	52.7	16.1	
Playstation 2 software	1.6	4.1	-	6.6	14.3		11.7	24.5	77.3	
Playstation 2 accessories	0.3	0.8	-	1.4	3.0		3.1	6.5	121.4	
Total	39.4	100.0	-13.6	46.2	100.0	17.3	47.8	100.0	3.5	

1. FY01 Consolidated Results

(3) Sales by product line

Childcare goods

Unit: ¥bn, %

Item	FY99		FY00			FY01			Comments
		Of total (%)	Of total (%)	YoY Change	Of total (%)	YoY Change			
Child seat	1.0	24.4	1.0	27.8	0.0	0.4	13.8	-60.0	
Strollers/baby buggies	0.6	14.6	1.1	30.6	83.3	0.7	24.1	-36.4	
Baby chais	0.2	4.9	0.3	8.3	50.0	0.3	10.3	0.0	
Others	2.3	56.1	1.2	33.3	-47.8	1.5	51.7	25.0	
Total	4.1	100.0	3.6	100.0	-12.2	2.9	100.0	-19.4	

Amusements

Unit: ¥bn, %

Item	FY99		FY00			FY01			Comments
		Of total (%)	Of total (%)	YoY Change	Of total (%)	YoY Change			
Vending machine products	3.4	47.9	3.4	50.0	0.0	2.9	52.7	-14.7	
Vending machine prizes	2.6	36.6	2.2	32.4	-15.4	1.7	30.9	-22.7	
Vending equipment	0.5	7.0	0.4	5.9	-20.0	0.1	1.8	-75.0	
Others	0.6	8.5	0.8	11.8	33.3	0.8	14.5	0.0	
Total	7.1	100.0	6.8	100.0	-4.2	5.5	100.0	-19.1	

1. FY01 results (Consolidated balance sheet (1))

Units: ¥m, Figures rounded

	FY00	FY01	Change	Comments
Assets				
(1) Current assets	32,758	47,446	14,687	
1. Cash and deposits	4,013	10,756	6,743	Xbox deposit has not arrived (see cash flow statement)
2. Accounts and bills receivable	21,086	25,828	4,742	Sales Increase during two months up to closing
3. Inventories	5,784	8,227	2,443	X-box stock
4. Deferred tax assets	347	512	165	
5. Other	1,663	2,325	661	
6. Reserves	-135	-202	-67	
(2) Fixed assets	4,382	6,252	1,871	
1. Tangible assets	1,929	2,991	1,062	
Buildings and structures	717	812	94	
Land	790	1,263	473	Asset increase from acquisition of Toyokuni as a wholly owned subsidiary (Oct. 2001)
Others	421	916	495	Fixtures = Happinet Logistics Center East warehouse facilities
2. Intangible assets	856	1,015	159	
Software	823	902	79	
Other	33	113	81	
3. Investments and other assets	1,597	2,246	649	
Long-term securities	1,041	1,301	260	Gain from valuation of financial products ¥162m, includes Toyokuni assets of ¥550m
Prepaid long-term expenses	26	37	12	
Guarantees paid	384	482	98	
Deferred tax assets	18	290	272	
Other	228		90	
Reserves	-100	-183	-82	
Total assets	37,140	53,698	16,558	Asset increase of ¥3.5bn from Toyokuni and Matsui Sakae Toys Co., Ltd. M&A

1. FY01 results (Consolidated balance sheet (2))

Units: ¥m, Figures rounded

	FY00	FY01	Change	Comments
Liabilities				
(1) Current liabilities	20,277	36,141	15,864	
1. Accounts and bills payable	18,225	30,612	12,388	Correponds to purchases at the time of Xbox release
2. Deferred payments	1,054	2,571	1,517	Before payment date for Xbox promotional expenses
3. Enterprise and other taxes owed	330	724	394	
4. Reserves against bonuses	311	383	72	
5. Other	357	1,851	1,493	Xbox deposits
(2) Fixed liabilities	668	1,025	357	
1. Severance and past service obligations	304	404	100	
2. Deferred tax liabilities	30	57	27	
3. Guarantees received	279	527	249	Xbox guarantees
4. Consolidated adjustment account	56	37	-19	
Total liabilities	20,946	37,167	16,221	Liability increase of ¥0.27bn from Toyokuni and Matsui Sakae Toys Co., Ltd. M&A
Minority interests	91	99	8	
Shareholder's equity				
(1) Capital	2,751	2,751	0	
(2) Capital reserve	2,776	2,776	0	
(3) Consolidated surplus	10,380	10,812	432	
(4) Securities valuation account	197	94	-102	
(5) Treasury stock	-0	-1	-1	
Total shareholder's equity	16,104	16,432	329	
Liabilities, minority interests and shareholder's equity	37,140	53,698	16,558	

1. FY01 results (Consolidated cash flow statement)

Units: ¥m, Figures rounded

	FY00	FY01	Change	Comments		
(1) Cash flow from operating activities						
Pretax profit	2,023	1,374	-649			
Depreciation	402	498	96			
Change in reserves	210	196	-14			
Profit or loss from sale of long-term securities	-208	1	209	(See note below)		
Other non-financial income or expenses	129	114	-14	Opening (rev)	Closing (rev)	Adjusted CF
Change in trade receivables	605	-4,397	-5,001	-2,679	4,382	-2,694
Change in inventories	-880	-2,130	-1,250			
Change in trade payables	-36	11,946	11,982	898	-1,674	11,170
Other	-1,016	2,359	3,374	102	-159	2,302
Sub Total	1,229	9,962	8,733	-1,679	2,549	10,832
Interest and dividend received	17	12	-6			
Interest and discounts paid	-4	-25	-20			
Taxes paid	-1,527	-553	974			
Net cash provided by operating activities	-285	9,396	9,681	-1,679	2,549	10,266
(2) Cash flow from investing activities						
Income from time deposits	6	117	111			
Spending on tangible assets	-529	-711	-182			
Income from new shares issued	-307	-437	-130			
Expenditure on acquisition of investment securities	-218	-67	152			
Gains on sale of investment securities	313	11				
Other	-35	58				
Net cash provided by investing activities	-770	-1,029	-258			
(3) Cash flow from financing activities						
Change in borrowings	-1,570	-1,362	208			
Income from new shares issued			0			
Dividends paid	-295	-311	-16			
Other	15	-1	-16			
Net cash provided by investing activities	-1,850	-1,674	176			
(4) Change in cash and equivalents	-2,905	6,693	9,598			
(5) Cash & equivalents opening balance	6,918	4,013	-2,905			
(6) Change in cash and equivalents resulting from changes in consolidation		50	50			
(7) Cash & equivalents closing balance	4,013	10,756	6,743			

Note: Closing days for FY00 and FY01 coincided with bank holiday. Operating cash flow would have been ¥10.3bn if transactions from the next business day were included.

2. FY01 Results (Parent profit and loss statement)

Units: ¥m, %, ¥. Figures rounded

	FY00			FY01			Comments
		Of total (%)	YoY Change		Of total (%)	YoY Change	
Sales	101,810	100.0	7.5	89,867	100.0	-11.7	(See note 1 below)
Cost of sales	93,395	91.7	9.4	83,604	93.0	-10.5	
Gross profit	8,416	8.3	-9.8	6,263	7.0	-25.6	
SG&A costs	8,267	8.1	5.8	5,436	6.0	-34.2	(See note 1 and 2 below)
Personnel costs	2,740	2.7	9.7	1,894	2.1	-30.9	
Subcontracted personnel costs	543	0.5	23.1	287	0.3	-47.1	
Depreciation	386	0.4	32.6	444	0.5	15.1	
Operating profit	149	0.1	-90.2	827	0.9	456.1	Profit increase from management consulting fees received from subsidiary
Nonoperating income	806	0.8	33.7	575	0.6	-28.7	
Interest and dividends received	241	0.2	535.2	219	0.2	-9.1	
Other	565	0.6	0.0	356	0.4	-37.0	
Nonoperating expenses	31	0.0	-59.7	42	0.0	33.3	
Interest paid	1	0.0	-70.6	4	0.0	412.0	
Other	31	0.0	-59.3	38	0.0	23.2	
Recurring Profits	923	0.9	-54.8	1,360	1.5	47.4	
Extraordinary profit	188	0.2	608.2	1	0.0	-99.3	
Extraordinary losses	378	0.4	604.8	187	0.2	-50.4	
Pretax profit	733	0.7	-63.6	1,174	1.3	60.2	
Enterprise, corp., inhabitant's taxes	263	0.3	-70.4	451	0.5	71.7	
Net profit	470	0.5	-58.2	723	0.8	53.8	
Surplus, opening	9,062	-	11.8	9,200	-	1.5	
Decline in surplus	332	-	100.1	316	-	-4.9	
Net profit	470	-	-58.2	723	-	53.8	
Surplus, closing	9,200	-	1.5	9,608	-	4.4	
EPS	39.08	-	-	60.12	-	-	

Note:

1. The Toy & Life Business Group was split off into a wholly owned subsidiary, Happinet JP, on October 1, 2001

2. Happinet Logistics Service Corp. was established as a wholly owned subsidiary on April 2, 2001, and physical distribution operations were transferred there.

2. FY01 results (Parent balance sheet (1))

Units: ¥m, Figures rounded

	FY00	FY01	Change	Comments
Assets				
(1) Current assets	27,799	29,761	1,962	
1. Cash and deposits	3,039	8,177	5,139	
2. Accounts and bills receivable	17,750	11,643	-6,106	Reduced due to split off
3. Products	4,631	4,277	-354	
4. Short-term receivables	1,280	3,900	2,620	All lending to affiliates
5. Deferred tax assets	228	338	110	
6. Other	1,166	1,553	387	
7. Reserves	-294	-127	167	
(2) Fixed assets	4,630	9,548	4,918	
1. Tangible assets	1,873	2,077	205	
Buildings	689	658	-31	
Land	773	517	-257	Sold off idle property in Hokkaido and Osaka
Other	411	903	492	
2. Intangible assets	805	825	20	
Software	782	801	19	
Other	23	24	1	
3. Investments and other assets	1,952	6,645	4,693	
Long-term securities	648	401	-247	Gain from valuation of financial products, including ¥339m at close of previous term and ¥151m at close of this term
Securities in affiliates	922	5,589	4,667	Securities of subsidiaries increased ¥4.3bn due to newly formed subsidiary
Guarantees paid	237	416	178	
Deferred tax assets		102	102	
Other	232	299	67	
Reserves	-88	-162	-74	
Total assets	32,429	39,309	6,880	

Note: 1. The Toy & Life Business Group was spun off into a wholly owned subsidiary, Happinet JP, on October 1, 2001

2. FY01 results (Parent balance sheet (2))

Units: ¥m, Figures rounded

	FY00	FY01	Change	Comments
Liabilities				
(1) Current liabilities	16,945	23,537	6,593	
1. Accounts and bills payable	15,537	19,570	4,033	Reductions due to split off and gains due to Xbox merchandise
2. Deferred payments	902	1,501	600	
3. Enterprise and other taxes owed		716	716	
4. Reserves against bonuses	234	129	-105	
5. Other	272	1,621	1,349	
(2) Fixed liabilities	398	374	-24	
1. Reserves against severance and past service obligations	233	94	-139	Reduced due to split off
2. Deferred tax liabilities	30		-30	
3. Other	135	280	145	
Total liabilities	17,343	23,912	6,569	
Shareholder's equity				
(1) Capital	2,751	2,751	0	
(2) Capital reserve	2,776	2,776	0	
(3) Earned surplus reserves	161	176	15	
(3) Other surplus	9,200	9,608	407	
1. Voluntary reserves	8,600	8,740	140	
2. Unappropriated earned reserves	600	868	267	
(5) Securities valuation account	197	87	-110	
(6) Treasury stock		-1	-1	
Total shareholder's equity	15,086	15,397	312	
Liabilities and shareholder's equity	32,429	39,309	6,880	

3. FY02 Targets (Consolidated profit and loss statement)

Units: ¥m, %, ¥. Figures rounded

	FY01			FY02 Targets			Comments
		Of total (%)	YoY Change		Of total (%)	YoY Change	
Sales	140,889	100.0	11.2	156,000	100.0	10.7	A complete year of X-box sales, overall toys etc.
Cost of sales	127,104	90.2	11.7	140,074	89.8	10.2	
Gross profit	13,784	9.8	7.4	15,926	10.2	15.5	Due to the increase in handling of toy and software with a high profit ratio.
SG&A costs	12,538	8.9	14.3	13,996	9.0	11.6	Increase in personnel due to M&A
Personnel costs	3,738	2.7	-1.0	4,307	2.8	15.2	
Subcontracted personnel costs	913	0.6	31.7	897	0.6	-1.8	
Depreciation	493	0.3	23.8	537	0.3	8.9	
Operating profit	1,247	0.9	-33.3	1,930	1.2	54.8	One year of Happinet Logistics Center East
Nonoperating income	397	0.3	46.3	109	0.1	-72.6	
Interest and dividends received	12	0.0	-32.4	12	0.0	2.3	
Other	385	0.3	51.7	97	0.1	-74.9	
Nonoperating expenses	126	0.1	156.6	39	0.0	-69.0	
Interest paid	25	0.0	392.3	11	0.0	-57.3	
Other	101	0.1	129.8	28	0.0	-71.9	
Recurring Profits	1,518	1.1	-27.4	2,000	1.3	31.7	
Extraordinary profit	50	0.0	-76.3		0.0	-100.0	
Extraordinary losses	194	0.1	-30.2	60	0.0	-69.0	
Pretax profit	1,374	1.0	-32.1	1,940	1.2	41.2	
Enterprise, corporation, inhabitant's taxes	621	0.4	-31.6	815	0.5	31.3	
Minority interest (- indicates loss)	19	0.0	-	25	0.0	35.1	
Net profit	735	0.5	-32.0	1,100	0.7	49.6	
Surplus, opening	10,380	-	8.1	10,812	-	4.2	
Decline in surplus	303	-	0.6	301	-	-0.9	
Net profit	735	-	-32.0	1,100	-	49.6	
Surplus, closing	10,812	-	4.2	11,612	-	7.4	
EPS	61.13	-	-	91.48	-	-	

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3. FY02 Consolidated Targets

(1) Sales by product area

Unit: ¥bn, %

Product	FY01			FY02 Targets			Comments
	Of total (%)	YoY Change		Of total (%)	YoY Change		
Toys	40.9	29.0	14.6	48.0	30.8	17.4	
Childcare goods	2.9	2.1	-19.4	3.0	1.9	3.4	
Video games	67.2	47.7	16.3	73.0	46.8	8.6	
Amusements	5.5	3.9	-19.1	6.0	3.8	9.1	
Videos	22.5	16.0	7.7	24.0	15.4	6.7	
Other	1.8	1.3	0.0	2.0	1.3	11.1	
Total	140.8	100.0	11.2	156.0	100.0	10.8	

(2) Sales by product line

Toys

Unit: ¥bn, %

Product	FY01			FY02 Planned			Comments
	Of total (%)	YoY Change		Of total (%)	YoY Change		
Bandai Character	21.9	53.5	-	20.5	42.7	-6.4	
Bandai Innovative	6.4	15.6	-	7.8	16.3	21.9	
Bandai Mattel	1.7	4.2	-	3.7	7.7	117.6	
Other Bandai	2.3	5.6	-	2.0	4.2	-13.0	
Other manufacturers	8.6	21.0	-	14.0	29.2	62.8	Tomy ¥3.5 bn, Takara ¥1.8 bn, Hearty Robin ¥2.4 bn
Total	40.9	100.0	-	48.0	100.0	17.4	

Note: Happinet's toy operations were split off, then folded into the wholly owned subsidiary Happinet JP as of October 1, 2001

Toyokuni, Co., Ltd., which became a wholly owned Happinet subsidiary on a October 1, 2001, merged into Happinet JP, Co., Ltd., on March 1, 2002.

Happinet Co., Ltd., took over the trading rights of Matsui Sakae Toys Co., Ltd., on March 1, 2002.

Video games

Unit: ¥bn, %

Product	FY01			FY02 Planned			Comments
	Of total (%)	YoY Change		Of total (%)	YoY Change		
PlayStation 2	40.0	59.5	34.7	33.5	45.9	-16.3	
PlayStation	7.8	11.6	-52.7	2.5	3.4	-67.9	
WonderSwan	6.0	8.9	-33.3	5.0	6.8	-16.7	
GameBoy Advance	0.7	1.0	-	1.0	1.4	42.9	
Game Cube	0.4	0.6	-	0.9	1.2	125.0	
Other	12.3	0.4	-82.4	30.1	41.2	144.7	
Total	67.2	100.0	18.1	73.0	100.0	8.6	

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4. FY02 Parent targets

Units: ¥m, %, ¥. Figures rounded

	FY01			FY02 Targets			Comments
		Of total (%)	YoY Change		Of total (%)	YoY Change	
Sales	89,867	100.0	-11.7	78,000	100.0	-13.2	(See note 1 below)
Cost of sales	83,604	93.0	-10.5	73,771	94.6	-11.8	
Gross profit	6,263	7.0	-25.6	4,229	5.4	-32.5	
SG&A costs	5,436	6.0	-34.2	3,479	4.5	-36.0	(See note 1 and 2 below)
Personnel costs	1,894	2.1	-30.9	1,466	1.9	-22.6	
Subcontracted personnel costs	287	0.3	-47.1	285	0.4	-0.9	
Depreciation	444	0.5	15.1	510	0.7	14.9	
Operating profit	827	0.9	456.1	750	1.0	-9.3	
Nonoperating income	575	0.6	-28.7	220	0.3	-61.7	
Interest and dividends received	219	0.2	-9.1	163	0.2	-25.5	
Other	356	0.4	-37.0	57	0.1	-84.0	
Nonoperating expenses	42	0.0	33.3	20	0.0	-52.1	
Interest paid	4	0.0	412.0	7	0.0	69.0	
Other	38	0.0	23.2	13	0.0	-65.4	
Recurring Profits	1,360	1.5	47.4	950	1.2	-30.1	
Extraordinary profit	1	0.0	-99.3		0.0	-100.0	
Extraordinary losses	187	0.2	-50.4	50	0.1	-73.3	
Pretax profit	1,174	1.3	60.2	900	1.2	-23.3	
Enterprise, corporation, inhabitant taxes	451	0.5	71.7	340	0.4	-24.6	
Net profit	723	0.8	53.8	560	0.7	-22.5	
Surplus, opening	9,200	-	1.5	9,608	-	4.4	
Decline in surplus	316	-	-4.9	301	-	-4.8	
Net profit	723	-	53.8	560	-	-22.5	
Surplus, closing	9,608	-	4.4	9,867	-	2.7	
EPS	60.12	-	-	46.57	-	-	

Note:1. The Toy & Life Business Group was spun off into a wholly owned subsidiary, Happinet JP, on October 1, 2001

2. Happinet Logistics Service was established as a wholly owned subsidiary on April 2, 2001, and physical distribution operations were transferred there.

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5. Group Companies

Units: ¥m, %

	Happinet JP Corporation				Beam Entertainment Corporation			
	FY01		FY02 Target		FY01		FY02 Target	
		YoY Change		YoY Change		YoY Change		YoY Change
Sales	32,957	-	62,500	-	23,392	-5.8	24,000	2.6
Recurring profit	266	-	550	-	Reduced due t	-75.8	466	32.0
Net profit	174	-	314	-	202	-82.4	270	84.9

Units: ¥m, %

	Happinet Logistics Service Corporation				Hearty Robin Corporation			
	FY01		FY02 Target		FY01		FY02 Target	
		YoY Change		YoY Change		YoY Change		YoY Change
Sales	4,014	-	5,741	43.0	2,330	-5.9	2,790	19.7
Recurring profit	-419	-	52	-	27	68.8	124	359.3
Net profit	-243	-	30	-	16	220.0	72	350.0

Note: Happinet's toy operations were split off, then folded into the wholly owned subsidiary Happinet JP as of October 1, 2001.

Toyokuni, Co., Ltd., which became a wholly owned Happinet subsidiary on a October 1, 2001, merged into Happinet JP, Co., Ltd., on March 1, 2002.

Happinet Co., Ltd., took over the trading rights of Matsui Sakae Toys Co., Ltd., on March 1, 2002.

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